

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Freedom Group, Inc.
David Huffman, CEO

Enforcement Case No. 12-11629

Respondents.

_____ /
this 5th day of November, 2012
by Annette E. Flood,
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation (OFIR) of the Michigan Department of Licensing and Regulatory Affairs, pursuant to the Michigan Debt Management Act, 1975 PA 148, as amended; MCL 451.411 *et seq.* (Act), the Michigan Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq.*, and the rules promulgated under the Act, says that:

I.
BACKGROUND

1. Freedom Group, Inc. (Freedom Group) is an entity of an unknown form with its principal place of business at 9265 Dowdy Drive #106, San Diego, CA 92126.
2. At all relevant times, David Huffman (Huffman) was the chief executive officer and control person of Freedom Group.
3. OFIR is responsible for the licensing, exemption, and regulation of a person engaged in the business of debt management and the enforcement of the provisions of the Act.
4. At all times pertinent to the matter herein, Respondent Freedom Group was not licensed by OFIR to provide debt management services to residents in the State of Michigan.
5. At all times pertinent to the matter herein, Respondent Huffman was not licensed by OFIR to provide debt management services to residents in the State of Michigan.
6. On or about March 19, 2012, OFIR received a complaint from a Michigan resident alleging that Respondent is in the business of processing debt management plans.

7. On or about March 27, 2012, OFIR received a copy of a contract that a Michigan resident allegedly entered into with Respondent Freedom Group.
8. Pursuant to the authority granted by the Act, OFIR staff conducted an investigation and determined that Respondent Freedom Group and Respondent Huffman are engaged in the business of debt management without the requisite licenses to do so.
9. By engaging in the business of debt management prior to obtaining a license, Respondent Freedom Group and Respondent Huffman violated the Act.
10. OFIR has obtained information that Respondent Huffman has closed Respondent Freedom Group but has opened a new debt management business, Financial Crisis 180, at the same location.

II. CONCLUSIONS OF LAW

WHEREAS, Section 2(a) of the Act, MCL 451.412(a), states that the business of debt management means providing or offering to provide debt management to 1 or more residents of this state; and

WHEREAS, Section 2(d) of the Act, MCL 451.412(d), states that debt management means the planning and management of the financial affairs of a debtor and the receipt of money from the debtor for distribution to a creditor in payment or partial payment of the debtor's obligations; and

WHEREAS, OFIR has information that Respondents Freedom Group and Huffman are engaged in debt management and/or the business of debt management within the State of Michigan; and

WHEREAS, Section 4(1) of the Act, MCL 451.414(1), requires all persons located within or outside the boundaries of the State of Michigan to be licensed in order to conduct debt management business in the State of Michigan; and

WHEREAS, Respondents Freedom Group and Huffman are not licensed with the State of Michigan under the Act; and

WHEREAS, Section 4(1) of the Act, MCL 451.414(1), provides that a contract of debt management as defined by this Act made by a person without a license is null and void; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Commissioner find that Respondents Freedom Group and Huffman are engaged in acts or practices that violate Section 4 of the Act and Rules promulgated under the Act; and

WHEREAS, this action is necessary, appropriate and in the public interest for the protection of the public, and consistent with the purposes fairly intended by the policy and provisions of the Act,

III. ORDER

IT IS THEREFORE ORDERED that, pursuant to Section 23 of the Act, MCL 451.433, and Section 24 of the Act, MCL 451.434, that:

1. Respondent Freedom Group and Respondent Huffman, individually, in concert and/or in participation with others, shall immediately **CEASE AND DESIST** from transacting the business of debt management in the State of Michigan without being licensed under the Act.
2. Within 30 days of the issuance and entry of this Order, Respondents Freedom Group and Huffman shall come into compliance by doing either A or B as described below:
 - A. Both:
 - i. Submit an application for licensure under the Act;
or
Submit a written request for an exemption from licensure pursuant to MCL 451.414 and provide proof that Respondent Freedom Group is a tax exempt entity pursuant to Section 501(c) of the Internal Revenue Code of 1986; AND
 - ii. Submit copies of all debt management contracts entered into with Michigan residents.

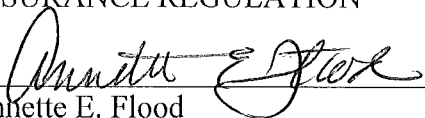
OR

- B. All of the following:
 - i. Immediately cancel any and all debt management contracts Respondents Freedom Group and Huffman have with residents of the State of Michigan.
 - ii. Refund all the fees Respondents Freedom Group and Huffman collected from Michigan residents who entered into debt management contracts with Respondents Freedom Group and Huffman.
 - iii. Provide all Michigan clients with a list of debt management companies licensed by OFIR.
 - iv. Transfer all Michigan accounts to a Michigan licensed debt management company.

- v. Provide OFIR with written documentation proving that all Michigan clients have been provided with a list of Michigan licensed debt management companies, and have been transferred to a debt management company licensed by OFIR.
 - vi. Provide OFIR with the name(s) of the licensed debt management companies to which they have transferred the Michigan client accounts. This document shall also include the names and addresses of the Michigan residents whose accounts have been transferred to a licensed debt management company.
3. Failure to comply with this ORDER will subject Respondents Freedom Group and Huffman to one or more of the following:
- (a) A person who knowingly authorizes, directs, or aids in violation of a final cease and desist order, or who knowingly fails to comply with the terms of a final cease and desist order, is guilty of a misdemeanor, and may be fined not more than \$5,000.00, or imprisoned for not more than 6 months, or both. Each violation constitutes a separate offense.
 - (b) A person who violates an injunction or a cease and desist order issued pursuant to this act is guilty of criminal contempt.

Any communication regarding this Order should be addressed to the Office of Financial and Insurance Regulation, Office of General Counsel, Attention: Scott D. Basel, Staff Attorney, P.O. Box 30220, Lansing, Michigan 48909.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION



Annette E. Flood
Chief Deputy Commissioner